

Message

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Sent: 7/28/2017 2:57:29 PM
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CC: Shinkman, Susan [Shinkman.Susan@epa.gov]; Brooks, Phillip [Brooks.Phillip@epa.gov]
Subject: RE: Reuters: U.S. likely to approve Fiat Chrysler's 2017 diesels: sources

Ex. 5 Attorney Client (AC)

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From: Traylor, Patrick
Sent: Friday, July 28, 2017 10:55 AM
To: Belser, Evan <Belser.Evan@epa.gov>
Subject: FW: Reuters: U.S. likely to approve Fiat Chrysler's 2017 diesels: sources

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Subject: Reuters: U.S. likely to approve Fiat Chrysler's 2017 diesels: sources

Reuters

<http://www.reuters.com/article/us-fiat-chrysler-emissions-idUSKBN1AC35I>

U.S. likely to approve Fiat Chrysler's 2017 diesels: sources

By: David Shepardson, 7/27/17, 4:44 p.m.

WASHINGTON (Reuters) - U.S. and California regulators are expected to approve Fiat Chrysler Automobiles' request to sell 2017 diesel vehicles, two sources said on Thursday – a move that may help the Italian-American automaker win approval for a software fix for older diesel models.

The software upgrade does not affect performance or durability and could be announced later on Thursday or Friday, the people said. In May, the Justice Department sued Fiat Chrysler, accusing it of illegally using software to bypass emission controls in 104,000 diesel Jeep Grand Cherokees and Dodge Ram 1500 trucks sold since 2014.

The company has denied any wrongdoing, saying there was never an attempt create software to cheat emissions rules.

The timing of the announcement was in flux as Fiat Chrysler and the California Air Resources Board were still hammering out some final issues, according to the two people briefed on the matter, who could not be identified because the matter was not yet public.

Fiat Chrysler Chief Executive Sergio Marchionne said on Thursday he is more confident the company will reach a resolution soon with U.S. regulators over the alleged excess emissions.

Fiat Chrysler confirmed earlier this month it had resumed building a small number of 2017 diesel trucks in advance of winning official approval to sell them.

Last month, a Fiat Chrysler lawyer, Robert Giuffra, said the company was optimistic regulators will approve the proposed software update as part of certifying 2017 diesel models to allow them to go on sale. The automaker then plans to use that software to update the 104,000 vehicles already on the road.

The two sources said after the automaker wins approval to sell 2017 vehicles it could take weeks or months for regulators to sign off on approving Fiat Chrysler's plan to use the software to update older vehicles.

The Environmental Protection Agency and California first accused Fiat Chrysler in January of using undisclosed software to allow excess diesel emissions in 104,000 U.S. 2014-2016 Jeep Grand Cherokees and Dodge Ram 1500 trucks.

California has unique authority under the Clean Air Act to regulate vehicle emissions alongside the EPA.

California regulators and EPA did not immediately comment on Thursday.

The January notice of violation was the result of a probe that arose out of regulators' investigation of rival Volkswagen AG's (VOWG_p.DE) excess emissions.

Earlier this month, a U.S. judge overseeing lawsuits against Fiat Chrysler from owners and dealers named compensation expert Ken Feinberg to try to reach a settlement.

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